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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

26 February 1981

MEMORANDUM FOR: Director of Central Intelligence

VIA : Bruce C. Clarke, Jr.
Deputy Director for National Foreign AssessmentE.H.
forFROM : Robert M. Gates
National Intelligence Officer for USSR-EE

SUBJECT : NSC on Poland

1. We have no information on what is to be discussed on Poland and assume it will be primarily a review of the current situation. Poland was not discussed at the NSC held during your trip [redacted]

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2. The talking points on what we think is likely to happen in Poland, as you requested through John McMahon, are at Tab B. I have also included several talking points on the current Polish economic picture -- especially the international finance aspects [redacted]

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Robert M. Gates
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Attachment:
Talking Points

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REVIEW ON FEB87
Derived from Multiple

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TALKING POINTS

26 February 1981

Political Prognosis

Polish-Soviet relations seem headed for continued and perhaps increased tension.

- The Polish regime, intent on resolving problems through political means and still under pressure from Solidarity to complete implementation of the Gdansk agreements, may be willing to make compromises that Moscow finds increasingly difficult to accept.
- For the Soviets, conciliation in Poland at the cost of institutionalization of the gains made by Solidarity would present a long-term, fundamental challenge to the Soviet style of Communism in the Warsaw Pact.
- The Polish regime will seek to minimize compromises by playing on the fact that many Poles, including Solidarity leaders, apparently believe that the Jaruzelski government is the "last chance" for Poland to solve its own problems.
- For the moment, Soviet political leaders, realizing full well the political balance of forces in Poland and the enormous costs of an invasion, appear willing to give the Polish party's new tack a chance.
- While Brezhnev made clear to the party congress Moscow's ultimate willingness to intervene militarily in Poland, he left the door open to a settlement that retains some aspects of the changes that have occurred since last August.
- As long as domestic calm prevails in Poland, coercive measures by the Polish regime or the Soviets are unlikely.

A breakdown of the current moratorium in Poland, with widespread turbulence, likely will result in martial law.

- [redacted] suggest the Polish military leadership and their Soviet counterparts already have differences about the feasibility and purposes of martial law.
- Martial law could set in train a series of events leading to Soviet intervention.
- For example, a failure of Polish forces to reestablish order under martial law probably would impel the Soviets to intervene militarily.

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Economic Situation

There has been no improvement in the market supply situation.

- Quality food products, especially meat, are still in short supply but the public mood so far has not deteriorated; a meat rationing program -- demanded by workers last summer -- will be in effect the second quarter.

At the Paris creditors meeting this week, Polish officials presented a 3-year stabilization program and gave additional economic data including figures on short-term debt and reserves; the reserve figure indicates that Warsaw has only enough hard currency to pay for two weeks of imports.

- Polish officials asked Western governments for a quick implementation of bridge financing pledges for the second quarter. Without such implementation, the Poles indicated, default would shortly occur.
- A task force of the four major creditor nations and Austria will meet next month with Polish representatives to review the stabilization effort. Creditors will reassemble in Paris again on April 9-10 to receive a report from the task force.
- According to a press report, Polish officials will meet in London on 5 March with 100 Western bankers to discuss refinancing of Poland's non-government guaranteed debt.